GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:3245
ANSWERED ON:06.12.2016
Uniform Taxation on MSP
Gandhi Shri Feroze Varun

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether steps have been taken by the Government to bring various States on board for a uniform taxation on Minimum Support Price (MSP);
(b) if so, the details of the solutions proposed and the names of States which are against the idea of uniform taxation on MSP;
(c) the amount foregone in subsidy due to higher taxation during the last three years along with the details of various States having high tax policy on MSP;
(d) the reasons therefor;
(e) whether the States were consulted for taking the decision to cut down on the subsidy bill; and
(f) if not, the reasons therefor?

Answer

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)
(a) & (b): Presently, states levy various taxes on procurement of foodgrain undertaken for Central Pool within their jurisdiction: the aggregate of all net taxes varies from 3% to 14.5% of Minimum Support Price (MSP). Under the proposed Goods and Service Taxes (GST), all taxes including those levied by the States shall be rationalized.
(c), (d), (e) & (f): Since, presently, taxes are paid on procurement of foodgrain for the Central Pool, hence these taxes are a part of the Food Subsidy.
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